



Local Agency Formation Commission of Santa Clara County

July 22, 2008

Santa Clara County Board of Supervisors
70 West Hedding Street, 10th Floor
San Jose, CA 95110


RE: Revenue Neutrality Negotiations for the Proposed Incorporation of the Town of San Martin

Dear Members of the Board of Supervisors:

At its July 2, 2008 meeting, the Commission directed LAFCO staff to request that the County consider reopening negotiations with the proponents of the San Martin incorporation to reach agreement on revenue neutrality issues. The Commission encourages the use of a professional facilitator to help the two parties find common ground in resolving this issue in a fair and reasonable manner.

As per the schedule established by LAFCO, the parties have until August 27th to reach agreement and have the agreement ratified by County Board of Supervisors. If an agreement is not reached between the two parties during this period, LAFCO will establish the terms and conditions for revenue neutrality.

Tables 1 and 3 of the Comprehensive Fiscal Analysis for the San Martin incorporation are being revised in response to new information provided by the County regarding road costs and in response to comments received from the incorporation proponents. The revised tables will be provided to the County and the proponents shortly. The proponents and the County should use the revised tables for discussions during the revenue neutrality negotiations, should the Board of Supervisors agree to reopen the negotiations. Thank you.

Sincerely,

Neelima Palacherla
LAFCO Executive Officer

Cc: LAFCO Commissioners
Sylvia Gallegos, Deputy County Executive
San Martin Neighborhood Alliance